

Fiscal Note

Fiscal Services Division



SF 364 – Vehicle Registration Fee Equity (LSB 2470SV)

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Fiscal Note Version – New

Description

Senate File 364 amends **Iowa Code sections 321.55** and **321.105A** to require vehicle owners, whose vehicle is located in Iowa for more than 90 consecutive or nonconsecutive days and is operated on Iowa roads by an Iowa resident, to register the vehicle in Iowa. This Bill also provides that in the case that a nonresident owner of a vehicle is a partnership, limited liability corporation (LLC), or a corporation that is a shell business, there is rebuttable evidence that the Iowa resident in control of the vehicle is the actual owner of the vehicle, and that the vehicle is therefore subject to the fee for new registration and annual registration in Iowa.

Background

The Department of Transportation (DOT) and the Department of Revenue have investigated many instances of Iowa residents establishing a partnership, LLC, or shell business for the purposes of evading the payment of the fee for a new registration and the annual registration fee for collectable, high-value vehicles. The departments have recently succeeded in the collection of fees in excess of \$827,000 on 36 such partnerships, LLCs, and shell businesses. Further investigations are currently in process involving 14 such partnerships, LLCs, or shell businesses involving as much as \$318,000 in potentially evaded fees and registrations. An estimated 60 cases will remain after the conclusion of those currently in process.

Increased revenue generated by the successful investigation and collection of evaded fees for new registration is deposited into the Road Use Tax Fund (RUTF). Increased revenue generated as a result of successful investigation and collection of annual registration fees is deposited into the TIME-21 Fund.

Assumption

The frequency of evasion is not known and the DOT did not have the number of vehicles and registration years involved with the 50 investigations that have been concluded or are in process.

Fiscal Impact

Due to the lack of data on frequency of evasion and registration years involved, the Legislative Services Agency (LSA) is not able to determine the annual fiscal impact of this Bill. Increased new registration fee revenue generated as a result of the changes made by the Bill will be deposited in the RUTF and increased annual registration revenue will be deposited in the TIME-21 Fund.

Source

Department of Transportation

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